

Audit

Report



DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA
FOR REALIGNMENT OF THE DEFENSE COURIER SERVICE
STATION, SOUTH WEYMOUTH NAVAL AIR STATION,
MASSACHUSETTS TO MCGUIRE AIR FORCE BASE, NEW JERSEY

Report No. 99-007

October 8, 1998

Office of the Inspector General
Department of Defense

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Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
MILCON	Military Construction
NAS	Naval Air Station



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

October 8, 1998

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
COMMANDER, DEFENSE COURIER SERVICE

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for
Realignment of the Defense Courier Service Station, South Weymouth Naval
Air Station, Massachusetts, to McGuire Air Force Base, New Jersey
(Report No. 99-007)

We are providing this audit report for information and use. This report is one in a series about FY 1999 Defense base realignment and closure military construction costs.

We considered management comments on a draft of this report when preparing the final report. Comments on the draft report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are necessary.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, at (703) 604-9312 (DSN 664-9312) or Ms. Bobbie Sau Wan, at (703) 604-9259 (DSN 664-9259). See Appendix D for the report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 99-007
(Project No. 8CG-5012.00)

October 8, 1998

Defense Base Realignment and Closure Budget Data for Realignment of the Defense Courier Service Station, South Weymouth Naval Air Station, Massachusetts to McGuire Air Force Base, New Jersey

Executive Summary

Introduction. This report is one in a series about FY 1999 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each Defense base realignment and closure military construction project does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate, and to provide the results of the review to the congressional Defense committees.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides results of the audit of one project, valued at \$850,000, for the realignment of Defense Courier Service Station from South Weymouth Naval Air Station, Massachusetts to McGuire Air Force Base, New Jersey. A review of the management control program, as it applies to the overall audit objective, is reported in Inspector General, DoD Report No. 98-175, "Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1997 and 1998," July 2, 1998. Therefore, the adequacy of the management control program will not be discussed in this report.

Audit Results. Neither the Navy nor the Air Force could support project requirements or cost estimates on the DD Form 1391, "FY 1999 Military Construction Project Data," for the Defense base realignment and closure military construction project to realign the Defense Courier Service Station. As a result, the \$850,000 funding request submitted by the Navy as project P-935U, "Defense Courier Service Building," is unsupported. See Part I for a discussion of the finding, and Appendix A for a review of the management control program.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place funding for project P-935U on administrative withhold until management submits a revised DD Form 1391 to accurately reflect requirements and costs. We recommend that the Defense Courier Service provide justified requirements that conform to DoD guidelines. We recommend that the Air Force perform an economic analysis and validate the Defense base realignment and closure military construction

requirements for the Defense Courier Service realignment and coordinate with the Naval Facilities Command to submit a revised DD Form 1391. We also recommend that the Navy submit a revised DD Form 1391 that accurately reflects valid Defense base realignment and closure requirements and costs for the project.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with the recommendation to place funding for project 8CG-5012.00 on administrative withhold. Both the Navy and the Air Force concurred, agreeing to perform an economic analysis, validate requirements, and coordinate to submit a revised DD Form 1391 that reflects valid requirements and costs. The Defense Courier Service concurred and agreed to provide justified requirements to the Air Force. A discussion of management comments is in the Findings section of the report and the complete text is in the Management Comments section.

Audit Response. The Under Secretary of Defense (Comptroller), the Navy, the Air Force, and the Defense Courier Service comments were generally responsive to the recommendations and no additional comments are required.

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Background

The Office of the Inspector General, DoD, is performing audits of the Defense base realignment and closure (BRAC) process. This audit is one in a series about FY 1999 BRAC military construction (MILCON) costs. For additional information on the audit process, see Appendix A. For background information on the BRAC process, see Appendix B.

Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. A review of the management control program, as it applies to the overall audit objective, is reported in Inspector General, DoD, Report No. 98-175, "Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1997 and 1998," July 2, 1998. Therefore, an assessment of the adequacy of the management control program will not be repeated for this audit.

This report provides the results of the audit of BRAC MILCON project P-935U, "Defense Courier Service Building," valued at \$850,000, resulting from the realignment of the Defense Courier Service from South Weymouth Naval Air Station (NAS), Massachusetts, to McGuire Air Force Base (AFB), New Jersey.

Requirements and Costs for Defense Courier Service Building

The Navy did not submit valid requirements or costs for project P-935U, "Defense Courier Service Building," valued at \$850,000, resulting from the realignment of the South Weymouth NAS Courier Station to McGuire AFB. This condition occurred because the Navy did not coordinate with the Air Force and the Defense Courier Service before submitting the DD Form 1391. Also, the Air Force did not properly develop and document the project requirements or perform an economic analysis to ascertain the necessity of new construction. As a result, the proposed project requirements and cost estimate of \$850,000 are unsupported.

Project Background

The 1995 Commission on Defense Base Closure and Realignment recommended the closure of South Weymouth NAS, which was subsequently closed in September 1997. The Defense Courier Station that served the Boston area occupied a building of approximately 2,200 square feet on the South Weymouth NAS. The facility had an administrative area for nine personnel and a secured storage area for classified material.

The Defense Courier Service mission is to establish a worldwide network of courier stations to transfer classified documents and material for DoD Components and Federal agencies. The South Weymouth Defense Courier Service Station was originally scheduled to relocate to Hanscom AFB, Massachusetts, at an estimated cost of \$1.2 million. In August 1995, the Defense Courier Service headquarters determined that the Boston mission should be consolidated at McGuire AFB. The reasons for the consolidation were operational cost comparisons and access to an active runway. In July 1996, the South Weymouth courier station was consolidated with an existing courier station at McGuire AFB. The McGuire AFB Defense Courier Service Station is located in a 2,130 square-foot facility inside the air freight terminal. The consolidation increased the number of personnel assigned to McGuire AFB, as well as the volume of material handled.

Validation and Certification of BRAC Funding Request. DoD 7000.14-R, "Financial Management Regulation," July 1996, establishes the basic criteria and procedures to support MILCON authorizations and appropriation requests. The regulation assigns the Military Departments responsibility for implementing all BRAC actions and administering base closure funds. The Military Department is also responsible for submitting an accurate DD Form 1391. As the host of the closing organization, the Navy is primarily responsible for submitting the DD Form 1391 for the Defense Courier Service Station displaced by the South Weymouth NAS closing. The Navy BRAC MILCON process, as discussed in the Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," October 1990, and by the Commander, Naval Facilities Engineering Command in an October 13, 1993 memorandum, requires validated and certified BRAC projects before submission. However, the DD Form 1391 that the Navy submitted for project P-935U was not submitted in accordance with the guidelines.

Organizational Division of BRAC Project Responsibilities

The Navy should ensure that an accurate and valid DD Form 1391 is submitted for the South Weymouth relocation project. However, because the Defense Courier Service functions are being realigned to McGuire AFB, the Air Force, specifically the 305th Civil Engineering Squadron, should manage the host-tenant aspects of the realignment. The Air Force is responsible for engineering and design of the Defense Courier Service facility. Additionally, as the tenant organization, the Defense Courier Service should provide both the Navy and the Air Force current and accurate mission-related data on new facilities requirements. Thus, because of the unique circumstances of having three Defense organizations involved in the project, proper coordination and planning is critical.

Accuracy of Budget Data Submitted by the Navy

The Navy could not support requirements or costs on the DD Form 1391, "FY 1999 Military Construction Project Data," for the BRAC MILCON project to consolidate Defense Courier Service functions realigning from South Weymouth NAS. Additionally, the Navy and the Air Force did not coordinate in developing support for the BRAC MILCON project.

Determination of Space Requirements. The space requested on the DD Form 1391 for the administrative facilities and applicable cost estimates should be supported by data, such as the number of personnel requiring administrative space and any special purpose space requirement. Special purpose space, including a secured storage area and a training/conference room, may be included in an administrative facility when justified by operational requirements. The volume of the stored material determines the size of a secured storage facility. The documented training requirements determine the size of the training area. This data is necessary to develop a reasonable estimate of space requirements and applicable costs in sufficient detail to allow anyone unfamiliar with the project to understand the methodology.

Availability of Engineering and Design Data. The Navy submitted a DD Form 1391 without reviewing or considering available engineering and design data prepared by the Air Force. The DD Form 1391 dated February 11, 1998, for FY 1999 funding, provides for a 1,151 square-foot administrative building with outdoor covered storage at an estimated cost of \$850,000. However, on February 7, 1997, the Air Force 305th Civil Engineer Squadron at McGuire AFB completed a 100 percent design and estimates for the project that called for a 4,200 square-foot building with outdoor covered storage at an estimated cost of \$1.1 million. The Navy could not explain this discrepancy and did not review the 100 percent design and estimate before submitting the DD Form 1391.

Validity of Air Force Engineering and Design

The Air Force ignored its own facilities design criteria and accepted inflated facilities requirements without question from the Defense Courier Service.

Air Force Criteria. Air Force Handbook 32-1084, "Standard Facility Requirements Handbook," September 1, 1996, allows a maximum of 162 gross-square feet per person for administrative space, and an allowance for special purpose areas, such as secured storage and training rooms. Because the McGuire AFB courier station was authorized only five additional personnel attributable to the South Weymouth Defense Courier Service realignment, only 810 gross-square feet (5 personnel x 162 square-feet per person) plus any additional special purpose space can be funded by BRAC. Any additional training space must be justified by operational requirements. The size of the secured storage area must be justified by the volume of classified material processed annually. The amount of additional secured storage authorized for BRAC funding could not be determined because after the missions were consolidated at McGuire AFB, documentation was not maintained on the increase in volume of processed material.

Defense Courier Service Guidance. When designs were developed for the McGuire AFB courier station, the Air Force relied on a flawed interpretation of the standard station design guidelines provided by the Defense Courier Service headquarters. The Defense Courier Service standard "large" station design is for a building designed to process 150,000 pounds of classified material annually with a staff of 14 personnel. The standard station design package clearly warns that, because of large variations in workloads between stations, no "standard" stations exist in the Defense Courier Service network. Nevertheless, the Air Force provided the raw and unadjusted standard design package "as is" to the firm contracted to design the facility. As a result, the McGuire AFB Courier Station was designed as a "large" station.

Determining the Necessity of New Construction

Construction of a new building for Defense Courier Service functions at McGuire AFB may be unnecessary because the Air Force did not perform an economic analysis to evaluate possible new construction alternatives. Engineering personnel at the 305th Civil Engineering Squadron stated they believed that the economic analysis for project P-935U was not required because BRAC was providing funding for a new building. DoD 7000.14-R, "Financial Management Regulation," July 1996, establishes guidance for BRAC appropriations and states that minimally, all renovation, upgrade, and replacement projects must be supported by an economic analysis. Since Air Force Instruction 32-1021, "Planning and Programming of Facility Construction Projects," May 1994, requires consideration of existing facilities prior to building new facilities, an economic analysis should be completed before any further action is taken on the relocation of the Defense Courier Service. All available alternatives to new construction must be considered, including, but not limited to, redesign of the new building and opportunities for the use of existing facilities.

Conclusion

Although the Navy was primarily responsible for ensuring the accuracy of the DD Form 1391 budget data, the Air Force and the Defense Courier Service were tasked with providing the necessary information to the Navy. Thus, proper coordination and information sharing among those organizations was vital to properly develop project requirements and cost estimates allowable under BRAC. However, the Navy provided no documentation to support its BRAC MILCON budget request, or show that the Navy coordinated with the Air Force 305th Civil Engineering Squadron to ensure the accuracy of the budget data submission.

The Air Force engineering and design of the McGuire AFB courier building was based on flawed requirements using questionable design criteria. Furthermore, no economic analysis was conducted to determine whether any viable alternatives to new construction exist. Thus, the decision to build new facilities for the McGuire Defense Courier Station is unsupported.

Recommendations, Management Comments, and Audit Response

- 1. We recommend that the Under Secretary of Defense (Comptroller) place funding for project P-935U on administrative withhold until management submits a revised DD Form 1391 to accurately reflect requirements and costs.**

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred with the recommendation to place funding for project P-935U on administrative withhold.

- 2. We recommend that the Commander, Defense Courier Service provide the Air Force with justified requirements on the number of personnel and volume of classified material relocated from South Weymouth Naval Air Station, Massachusetts, to McGuire Air Force Base, New Jersey.**

Defense Courier Service Comments. The Defense Courier Service concurred with the recommendation to provide the Air Force with requirements on the number of personnel and volume of classified material relocated from South Weymouth Naval Air Station. The Defense Courier Service also provided the Air Force with minimum space requirements. The Defense Courier Service maintains that, because of the volume of material handled annually, the McGuire station should be considered a "large" station even though they do not have the required 14 people assigned. Because the Defense Courier Service will be assigned to the Air Force Air Mobility Command beginning in October 1998, they questioned whether base realignment and closure funding could be used with other funding to construct a new facility or expand the current facility.

Audit Response. The Defense Courier Service comments are responsive in providing personnel and storage volume data to the Air Force. However, the minimum space requirements that were submitted remain excessive. The space requirements must comply with DoD directives and will be reviewed and verified

by both the Air Force and Navy Civil Engineers before any further construction designs are initiated. The requirement for secured storage and administrative area should be assessed separately. Secured storage requirements are based on volume of material handled and the administrative areas are based on the number of assigned personnel and operational requirements. The base realignment and closure account will provide funding for a new facility or modification of an existing facility to accommodate the mission and personnel relocated because of the closure of South Weymouth, Naval Air Station. Specifically, base realignment and closure funding restrictions limit the replacement to 1,152 square feet of secured storage, previously occupied at the South Weymouth station, and administrative space for five transferred personnel. Additional square footage may be included in a project, to accommodate the existing mission and personnel at McGuire Air Force Base, using conjunctive funding from other sources. The Defense Courier Service comments to the recommendation are generally responsive and no additional comments are required.

3. We recommend that the Commander, 305th Civil Engineering Squadron perform an economic analysis for the relocation of the Defense Courier Service and provide the Navy with valid requirements for a revised DD Form 1391, "Military Construction Project Data," for project P-935U.

Air Force Comments. The Air Force concurred with the recommendation to perform an economic analysis and provide the Navy with valid requirements for project P-935U.

Audit Response. The Air Force comments are responsive to the recommendation and no additional comments are required.

4. We recommend that the Commander, Naval Facilities Command submit a revised DD Form 1391, "Military Construction Project Data," for project P-935U, "Defense Courier Service Building," that accurately reflects valid Defense base realignment and closure requirements and costs.

Navy Comments. The Navy concurred with the recommendation to submit a revised DD Form 1391 for project P-935U to reflect valid requirements and costs.

Audit Response. The Navy comments are responsive to the recommendation and no additional comments are required.

Appendix A. Audit Process

Scope

Work Performed and Limitations to Overall Audit Scope. We examined the FY 1999 BRAC MILCON budget request and supporting documentation for space requirements regarding the realignment of Defense Courier Service functions from South Weymouth Naval Air Station, Massachusetts. We reviewed all documentation available from Navy, Air Force and the Defense Courier Service regarding the BRAC relocation.

DoD-wide Corporate Level Government Performance and Results Act (GPRA) Goals. In response to the GPRA, the Department of Defense has established 6 DoD-wide corporate level performance objectives and 14 goals for meeting these objectives. This report pertains to achievement of the following objective and goal.

Objective: Fundamentally reengineer the Department and achieve a 21st century infrastructure.

Goal: Reduce costs while maintaining required military capabilities across all DoD mission areas. (DoD-6)

General Accounting Office High Risk Area. The General Accounting office (GAO) has identified several high risk areas in the DoD. This report provides coverage of the Defense Contract Management high risk areas.

Methodology

Audit Type, Dates, and Standards. This economy and efficiency audit was performed from March 1998 through May 1998 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available on request.

Management Control Program

Our review of management controls over BRAC MILCON projects is reported in Inspector General, DoD, Report No. 98-175, "Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1997 and 1998," July 2, 1998.

Prior Coverage. Four summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1998. Details on those reports, and the numerous audit reports that they summarize, are available upon request.

Appendix B. Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to provide a fair process that will result in a timely closure and realignment of military installations inside the United States. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and the Secretary of Defense shall send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1999 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1999 BRAC MILCON \$264.1 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those BRAC MILCON projects that were not included in the previous budget submissions, but were added as part of the FY 1999 BRAC MILCON budget package.

Appendix C. Project Identified as Invalid or Partially Valid

Table C-1. Causes of Invalid or Partially Valid Project

Project Location	Project Number	Causes of Invalid Project		Causes of Partially Valid Project	
		Overstated	Unsupported	Overstated	Unsupported
McGuire AFB	P-935U		X		

Table C-2. Recommended Changes in Project Estimates

Project Location	Project Number	Amount of Estimate on DD Form 1391 (thousands)	Recommended Amount of Change	
			Invalid Projects (thousands)	Partially Valid Projects (thousands)
McGuire AFB	P-935U	\$850	\$850	
Total		\$850	\$850	
Total Invalid and Partially Valid Projects			\$850	

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Public Affairs)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Commander, Naval Facilities Engineering Command
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division
Commander, Air Mobility Command
Commander, 305th Air Mobility Wing
Commander, 305th Civil Engineering Squadron
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency
Commander, Defense Courier Service

Non-Defense Federal Organizations and Individuals

**Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office**

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management, Information, and Technology,
Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice,
Committee on Government Reform and Oversight
House Committee on National Security

Office of the Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



September 3, 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Draft Audit Report Defense Base Realignment and Closure Budget Data for Realignment of the Defense Courier Service Station, South Weymouth Naval Station Massachusetts, to McGuire Air Force Base, New Jersey (Project No. 8CG-5012.00)

This responds to your July 2, 1998 memorandum requesting our comments on the subject report.

The audit recommends that the USD (Comptroller) place \$850,000 on administrative withhold for the Defense Courier Service Building project at McGuire Air Force Base, New Jersey associated with the relocation of the Defense Courier Service from South Weymouth Naval Station, Massachusetts. The audit contends that the project's requirement and cost are unsupported because the Navy and Air Force did not properly develop and document the project's requirement or perform an economic analysis to ascertain the necessity of new construction.

Since we understand the audit finding is in dispute, we will place the funding for the project on administrative withhold pending audit resolution. If it is determined that the audit finding is indeed accurate, we will realign any savings identified to other Base Realignment and Closure requirements, as appropriate.

Henry R. Sodano
Director for Construction

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20380-1000

3 SEP 1998

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR GENERAL FOR AUDITING

SUBJECT: Defense Base Realignment and Closure Budget Data for
Realignment of the Defense Courier Service Station,
South Weymouth Naval Air Station, Massachusetts to
McGuire Air Force Base, New Jersey (Project
No. 8CG-5012.00) - INFORMATION MEMORANDUM

I am responding to the DODIG Draft of a Proposed Audit Report realigning the Defense Courier Service Station, South Weymouth Naval Air Station, Massachusetts to McGuire Air Force Base, New Jersey. The Department of the Navy comments are attached.

A handwritten signature in black ink, appearing to read "Duncan Holaday".

Duncan Holaday
Deputy Assistant Secretary
(Installations and Facilities)

Attachment:

1. DON Response to DODIG Draft Audit

Copy to:
ASN(FMB)
ASN(FMO-31)
NAVINGSGEN (02)
COMNAVFAC (00G2)

DEPARTMENT OF NAVY RESPONSE

TO

DODIG DRAFT OF A PROPOSED AUDIT REPORT
ON

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR
REALIGNMENT OF THE DEFENSE COURIER SERVICE STATION,
SOUTH WEYMOUTH NAVAL AIR STATION, MASSACHUSETTS, TO
*MCGUIRE AIR FORCE BASE, NEW JERSEY
(Project No. 8CG-5012.00)

Recommendation 4: We recommend that the Commander, Naval Facilities (Engineering) Command submit a revised DD Form 1391, "Military Construction Project Data," for project P-935U, "Defense Courier Service Building," that accurately reflects valid Defense base realignment and closure requirements and costs.

Department of the Navy Response: Concur. Revised DD 1391 will be submitted to accurately reflect valid Defense base realignment and closure requirements and costs for the project when the economic analysis for the relocation of the Defense Courier Service has been provided by the Commander, 305th Civil Engineering Squadron.

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

07 AUG 1998

Office Of The Assistant Secretary

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: 1660 Air Force Pentagon
Washington, DC 20330-1660

SUBJECT: Draft Audit Report No. 8CG-5012.00 on Defense Base Realignment and
Closure Budget Data for the Realignment of the Defense Courier Service
Station, South Weymouth Naval Air Station, Massachusetts, to McGuire Air
Force Base, New Jersey, July 2, 1998.

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) provide Air Force comments on subject report.

The report states that neither the Navy nor the Air Force could support project requirements or cost estimates on the DD Form 1391, "FY99 Military Construction Project Data," for the Defense base realignment and closure military construction project to realign the Defense Courier Service Station. The project is unsupported because the Defense Courier Service did not provide justified requirements, the Air Force did not perform an economic analysis and the Navy did not submit a valid DD Form 1391. You recommend DOD (comptroller) place funds for project P-935U on administrative withhold until management submits a revised DD Form 1391 to accurately reflect requirements and cost. You also recommend that the 305th Civil Engineering Squadron (McGuire AFB, NJ) perform an economic analysis based on the Defense Courier's input and provide valid requirements/costs to the Navy for a revised DD Form 1391.

AF COMMENTS: WE CONCUR. All requested actions will be completed by September 30, 1998.

Our point of contact is Mr. Lester R. Schauer, DSN 227-6559

JIMMY G. DISHNER
Deputy Assistant Secretary of the Air Force
(Installations)

Defense Courier Service Comments

Final Report
Reference



DEFENSE COURIER SERVICE
130 CHISHOLM AVENUE
PORT GEORGE G MEADE MARYLAND 20755-5370

AUG 28 1998

MEMORANDUM FOR OAIG-AU (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

SUBJECT: Audit Report on Defense Base Realignment and Closure budget
Data for Realignment of the Defense Courier Service Station, South Weymouth Naval Air Station, Massachusetts, to McGuire Air Force Base, New Jersey (Project No. 8CG-5012.00)

1. DCS has completely reviewed the draft audit report (Project No. 8CG-5012.00) and concurs with comments. We agree that this project should be placed on administrative withhold until the economic analysis can be completed by the 305th Civil Engineering Squadron and we can ensure they have all the necessary data to complete the study.
2. In discussing this audit with my station chief at McGuire AFB (CMSgt Sergeant), it was noted that per your recommendation in the draft audit he has provided the 305th Civil Engineering Squadron with the number of personnel and average volume of material processed each month. Enclosure 1 list DCS station McGuire's material processed prior to August 96 and later. Additionally, CMSgt Sergeant has provided station information to the 305th Civil Engineering Squadron (Mr. Rick Dean) that included current manning and the total square feet in the vault space, administrative area, loading ramp, and other information (encl 2). Minimum space requirements for vault space (1850 sq ft), administrative area (1458 sq ft), training/conference room for 8-10 people (300 sq ft), customer service foyer (100 sq ft), men's and women's restrooms with showers (200 sq ft), storage area/office equipment (100 sq ft).
3. The DCS definition for a "large" station is one that processes 150,000 pounds of material annually and has 14 people assigned. The audit report appears to accept this contention but implies DCS Station McGuire doesn't meet the standard. Although, they don't have 14 people assigned, (since the merger) they do process an annual average of 153,924 pounds of material. The 1998 annual average is projected to be 220,365 pounds. DCS does consider DCS Station McGuire to be a "large" station.
4. After careful review of this project we have learned that extensive modification to the McGuire station may not be warranted at this time in light of the building structural problems which should come out during the economic analysis. Moreover, effective 1 Oct 98 DCS will become a Direct Reporting Unit to Air Mobility Command. As a result, we may be able to work with them in either constructing a new facility or build an extension wing to the current facility if this will allow us to use BRAC dollars for this project.

Enclosures 1
and 2
omitted.
Copies will
be provided
upon
request.

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5. We stand ready to work out these or any other issues with the 305th Civil Engineering Squadron at McGuire AFB. My POC at McGuire AFB is CMSgt Sergeant, DSN: 440-4940 or COM: (609) 724-4940. The DCS Headquarters POC is LTC Marlowe, DSN: 923-6011 or COM: (301) 677-7011, ext 2114.

FOR THE COMMANDER

Terry K. Marlowe
TERRY K. MARLOWE
LTC, AG
Vice Commander

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of
the Assistant Inspector General for Auditing, DoD

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INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Defense Base Realignment and Closure Budget Data for Realignment of the Defense Courier Service Station, South Weymouth Naval Air Station, Massachusetts, to McGuire Air Force Base, New Jersey

B. DATE Report Downloaded From the Internet: 09/10/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: VM **Preparation Date** 09/10/99

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